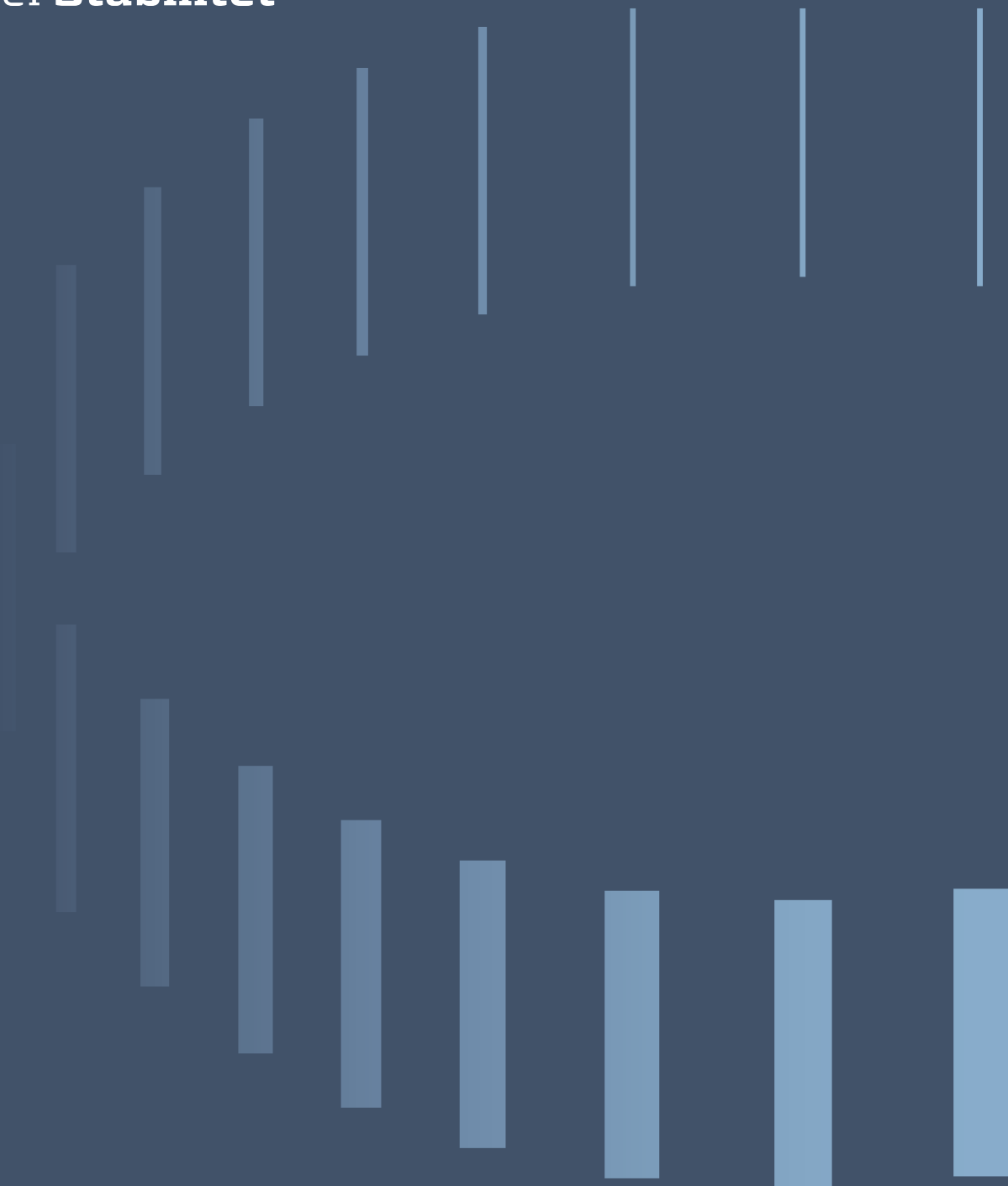


# Finansiell Stabilitet



Interim report **H1 2016**

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# Performance for H1 2016

## Group performance

Finansiel Stabilitet generated a profit of DKK 590 million in H1 2016. The performance was driven in particular by payment of contributions to the Resolution Fund, of which DKK 365 million is included in the profit for the period. At 30 June 2016, the Resolution Fund amounted to approximately DKK 0.7 billion.

The Bank Package I-V activities contributed DKK 243 million to the profit. Reversal of impairment charges totalled DKK 136 million, while reversed provisions for litigation amounted to DKK 25 million.

The Depositor and Investor Guarantee Scheme produced a loss of DKK 18 million in H1 2016.

At 30 June 2016, the Group had total assets of DKK 24.7 billion (2015: DKK 25.3 billion) and equity of DKK 21.2 billion (2015: DKK 20.6 billion).

Of the total assets of DKK 24.7 billion, the Depositor and Investor Guarantee Scheme accounted for DKK 13.9 billion, the Resolution Department accounted for DKK 1.3

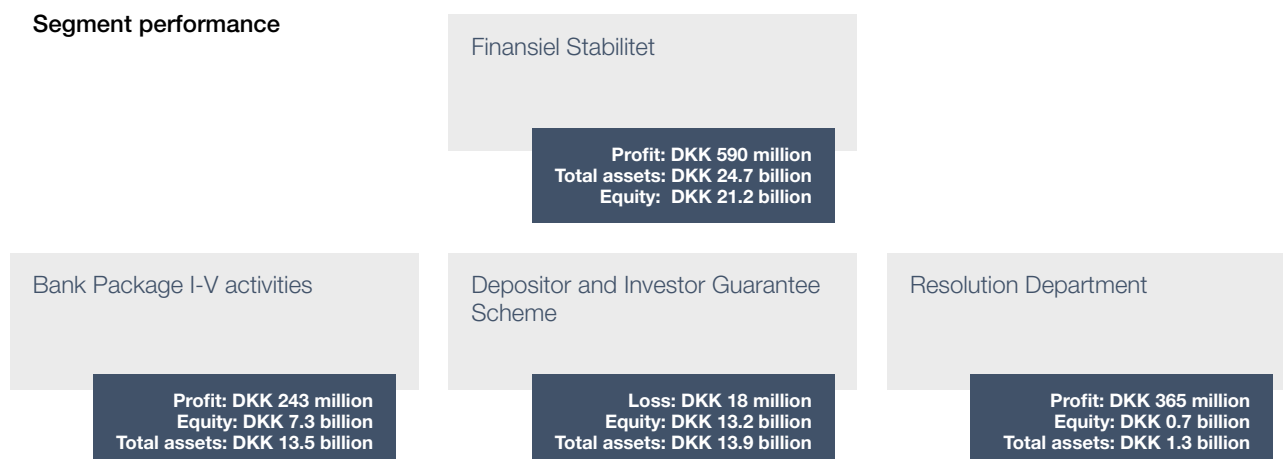
billion, the Bank Package I-V activities accounted for DKK 13.5 billion, and DKK -4.0 billion related to an intra-group balance.

Of the equity of DKK 21.2 billion, DKK 13.2 billion was attributable to the Depositor and Investor Guarantee Scheme, DKK 0.7 billion to the Resolution Department and DKK 7.3 billion to the Bank Package I-V activities. The Group's equity increased by DKK 0.6 billion in H1 2016.

Finansiel Stabilitet's consolidated income statement and balance sheet comprise the previous activities of Finansiel Stabilitet (Bank Package I-V activities) as well as the new Guarantee Fund and the Resolution Fund. The assets are kept separate in the three segments. Finansiel Stabilitet is not liable for the new Guarantee Fund or the Resolution Fund, and these are only liable for their own obligations and liabilities.

For a further specification of the individual segment income statement items, see the following sections and notes 2 and 3 to the financial statements for a more detailed account.

## Segment performance



## Purchase price and dowry adjustment FS Finans I-IV as at 30 June 2016

(DKKm)		Bank Package I-V activities	Depositor and Investor Guarantee Scheme	Other creditors	Total
FS Finans I	Distribution	18%	82%	-	
	Adjustment	4	17	-	21
FS Finans II	Distribution	47%	53%	-	
	Adjustment	5	7	-	12
FS Finans III	Distribution	60%	26%	14%	
	Adjustment	(15)	(7)	(3)	(25)
FS Finans IV	Distribution		100%	-	
	Adjustment		(44)	-	(44)
<b>Total</b>	<b>Adjustment</b>	<b>(6)</b>	<b>(27)</b>	<b>(3)</b>	<b>(36)</b>

Under FS Finans I and II, no other creditors are included, as Sparekassen Østjylland (FS Finans I) and Max Bank (FS Finans II) were taken over under Bank Package IV. There is no purchase price adjustment in FS Finans IV, only a loss guarantee from the Restructuring Department under the Depositor and Investor Guarantee Scheme. There is no purchase price adjustment in FS Property Finance.

## Bank Package I-V activities

Finansiel Stabilitet's activities in relation to Bank Packages I-V generated a profit of DKK 243 million in H1 2016 (H1 2015: DKK 196 million).

The overall profit contribution of the Bank Package I-V activities corresponds to the profit of Bank Package I plus the segment's share of the purchase price/dowry adjustment in FS Finans I-IV (Bank Package II). See table above.

FS Finans I-III made a total negative contribution of DKK 6 million. There is no purchase price adjustment in FS Finans IV, and losses are covered by a loss guarantee in the Restructuring Department.

In H1 2016, Finansiel Stabilitet reduced the total assets of the Bank Package I-V activities by DKK 1.5 billion to DKK 13.5 billion by the ongoing winding up of the remaining activities, including loans and investment properties and financial assets.

## Results of Bank Package I-V activities

(DKKm)	H1 2016	H1 2015
Net interest income	6	66
Other net fee income and market value adjustments	(8)	97
Other operating income/(expenses), net	158	(55)
Operating expenses	52	75
Impairment losses on loans, advances, guarantees etc.	(136)	(78)
Profit/(loss) from investments	9	(20)
<b>Profit/(loss) for the period – Bank Package I activities</b>	<b>249</b>	<b>91</b>
Dowry and purchase price adjustment – Bank Packages III-V	(6)	105
<b>Profit/(loss) for the period – Bank Package I-V activities</b>	<b>243</b>	<b>196</b>

1) For the period from October 2008 to 30 September 2010, under Bank Package I the Danish state guaranteed the full amount of unsecured creditors' claims against Danish banks. Under this scheme, the following companies were acquired: EBH Bank, Løkken Sparekasse, Gudme Raaschou Bank, Fionia Bank, Capinordic Bank, Eik Banki and Eik Bank Danmark. Subsequently, Roskilde Bank was also transferred to Finansiel Stabilitet and wound up under Bank Package I.

**Bank Packages I / II**

The Bank Package I activities generated a profit of DKK 249 million after tax in H1 2016. The profit was due to a better result from the winding up activities, driven by a DKK 136 million reversal of impairment charges and a DKK 125 million reversal of provisions for litigation. The Bank Package II activities produced a loss of DKK 6 million related to purchase price/dowry adjustments under Bank Packages III-V. As a result, the overall profit from Bank Packages I/II was DKK 243 million.

**Bank Package III – FS Finans III and IV**

FS Finans III reported a profit for H1 2016 of DKK 26 thousand after tax, equal to the statutory return requirement to Finansielt Stabilitet on contributed equity.

The realised result was in reality a loss of DKK 25 million. This is due to the recognition in H1 2016 of DKK 25 million from the purchase price adjustment, which declined from DKK 1,741 million to DKK 1,716 million in H1 2016. The purchase price adjustment was mainly reduced pursuant to a downward adjustment of the value of the assets.

FS Finans IV posted a loss of DKK 44 million after tax in H1 2016. There is no purchase price adjustment in FS Finans IV, and previously realised losses are covered by a

loss guarantee in the Restructuring Department under the Depositor and Investor Guarantee Scheme. The loss was due to a downward adjustment of the value of the assets.

**Bank Package IV – FS Finans I and II**

FS Finans I reported a profit for H1 2016 of DKK 26 thousand after tax, equal to the statutory return requirement to Finansielt Stabilitet on contributed equity.

The realised result was in reality a profit of DKK 21 million. This means that the purchase price adjustment increased from DKK 233 million to DKK 254 million in H1 2016. The primary reason for the increase in the purchase price adjustment was that the winding-up activities produced a better result than expected, resulting in a reduction of impairment charges and provisions made.

Similarly, FS Finans II posted a profit of DKK 26 thousand after tax, equal to the statutory return requirement to Finansielt Stabilitet on contributed equity.

The realised result was in reality a profit of DKK 12 million. This means that the purchase price adjustment increased from DKK 117 million to DKK 129 million in H1 2016. The primary reason for the increase in the purchase price adjustment was that the winding-up activities produced

**Financial highlights FS Finans III and IV (Group)**

(DKKm)	FS Finans III		FS Finans IV	
	H1 2016	H1 2015	H1 2016	H1 2015
<b>Income statement</b>				
<b>Profit/(loss) for the period</b>	<b>0</b>	<b>0</b>	<b>(44)</b>	<b>0</b>
Movement in purchase price adjustment included in profit	(25)	130	0	0
<b>Balance sheet</b>				
	<b>30.6.2016</b>	<b>31.12.2015</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
Loans and advances	225	294	45	62
Other assets	1,592	1,597	114	331
<b>Total assets</b>	<b>1,817</b>	<b>1,891</b>	<b>159</b>	<b>393</b>
Purchase price adjustment	1,716	1,741	0	0
Other provisions	78	80	108	122
Other liabilities	22	69	15	155
Equity	1	1	36	116
<b>Total equity and liabilities</b>	<b>1,817</b>	<b>1,891</b>	<b>159</b>	<b>393</b>

## Financial highlights FS Finans I and II (Group)

(DKKm)	FS Finans I		FS Finans II	
	H1 2016	H1 2015	H1 2016	H1 2015
<b>Income statement</b>				
<b>Profit/(loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
Movement in dowry adjustment included in profit	21	13	12	56
<b>Balance sheet</b>				
	<b>30.6.2016</b>	<b>31.12.2015</b>	<b>30.6.2016</b>	<b>31.12.2015</b>
Loans and advances	13	13	18	21
Other assets	324	330	186	240
<b>Total assets</b>	<b>337</b>	<b>343</b>	<b>204</b>	<b>261</b>
Dowry adjustment	254	233	129	117
Other provisions	73	97	50	60
Other liabilities	9	12	24	82
Equity	1	1	1	2
<b>Total equity and liabilities</b>	<b>337</b>	<b>343</b>	<b>204</b>	<b>261</b>

a better result than expected, resulting in a reduction of impairment charges and provisions made.

**Bank Package V – FS Property Finance**

The remaining customer activities in FS Property Finance were wound up in a sale completed in December 2015. Efforts are currently undertaken to wind up the company by the end of 2016 in line with the original plan.

A decision has yet to be rendered of FIH's appeal in the case concerning the EU Commission's ruling for an additional payment of DKK 310 million from FIH to Finansiell Stabilitet in connection with Finansiell Stabilitet's takeover of the company in 2012. Due to the uncertainty about the outcome of the case, the amount has not been recognised as income.

## Financial highlights FS Property Finance (Group)

(DKKm)	H1 2016	H1 2015
<b>Income statement</b>		
<b>Profit/(loss) for the period</b>	<b>0</b>	<b>0</b>
Movement in loss-absorbing loans/guarantee from FIH included in profit	(4)	260
<b>Balance sheet</b>		
	<b>30.06.2016</b>	<b>31.12.2015</b>
Cash in hand and demand deposits with credit institutions and central banks	346	931
Loans and advances	0	229
Receivable from FIH	4	77
Other assets	0	195
<b>Total assets</b>	<b>350</b>	<b>1,396</b>
Other liabilities	349	1,395
Equity	1	1
<b>Total equity and liabilities</b>	<b>350</b>	<b>1,396</b>

## Depositor and Investor Guarantee Scheme

The Depositor and Investor Guarantee Scheme reported a total loss of DKK 18 million in H1 2016. In H1 2015, the result was a profit of DKK 1.1 billion, which was mainly due to payments made in connection with the build-up of assets up to the target level under the rules then in force.

The loss was mainly attributable to the Restructuring Department, which pursuant to a loss guarantee provided to FS Finans IV covered that company's loss of DKK 44 million in H1 2016. The expense was to some extent offset by a DKK 17 million net income from purchase price adjustments in the other financing companies (see table on p. 3). In addition, the sale of Andelskassen J.A.K. Slagelse lifted the results of the Depositor and Investor Guarantee Scheme.

The assets of the Banking Department totalled DKK 8.8 billion. As the asset target level has been reached, no contributions are collected in 2016.

For the other three departments under the new Guarantee Fund, it also applies that there has been no need to collect any further contributions in 2016. In the Mortgage Credit Department, the Investment Company Department and the Restructuring Department contributions and guarantees will hence only be redistributed in 2016. As to the latter department, a decision is pending about whether Greenland and Faroese banks are to be included in the redistribution of guarantees, as they are still subject to provisions regarding the calculation of covered deposits according to a net principle, as opposed to the gross principle currently applicable to Danish banks.

At 30 June 2016, the Mortgage Credit Department had total assets of DKK 11.4 million, the Investment Company Department had total assets of DKK 12.5 million, and the Restructuring Department had total assets of DKK 4.4 billion.

## Resolution Department

The Resolution Department, including the Resolution Fund, produced a profit of DKK 365 million in H1 2016. The profit was attributable to payment of contributions to

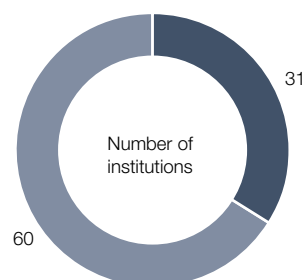
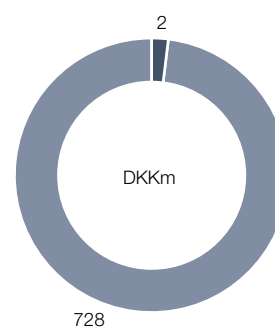
the Resolution Fund of DKK 730 million, of which DKK 365 million is included in the profit for the period.

Including the amount of DKK 730 million collected by Finansielt Stabilitet, a total of DKK 1,081 million of the target level of approximately DKK 7 billion calculated for the assets has been collected. Banks contributed DKK 481 million, mortgage credit institutions contributed DKK 249 million, and investment companies contributed DKK 41 thousand. Of the total contribution, DKK 728 million was related to risk-based collection of contributions from 31 institutions. The remaining share of DKK 2 million was paid by the remaining 60 institutions.

### Andelskassen J.A.K. Slagelse

On 5 October 2015, Finansielt Stabilitet took over control of the distressed Andelskassen J.A.K. Slagelse and subsequently initiated resolution measures. In Q1 2016,

### Collection of contributions 2016



■ Administratively determined contribution  
■ Risk-adjusted contribution

following an open sales process, an agreement was concluded with Netfonds AB, which is owned 95% by Rolf Dammann. The sale is expected to be completed in the second half of 2016.

As part of the takeover, Finansiel Stabilitet carried out a preliminary valuation, which indicated that, in addition to the share capital, all subordinated debt, claims of unsecured creditors and all deposits in Andelskassen J.A.K. Slagelse exceeding the amount covered by the new Guarantee Fund were lost. The valuation was subsequently followed up by a final, independent valuation report in April 2016, which reached the same conclusion.

## Lawsuits and disputes

Finansiel Stabilitet is still processing a substantial portfolio of lawsuits and disputes which have arisen in connection with the takeover of failing banks.

In October 2015, judgment was entered in the compensation proceedings against the former management of Capinordic Bank, ordering three defendant members of management to pay compensation in a total amount of DKK 90.5 million. The judgment was appealed by the defendants and subsequently by Finansiel Stabilitet.

Finansiel Stabilitet has instituted a number of compensation proceedings against the former managements, among others, of seven of the total of 12 failing banks taken over.

On 18 March 2016, Finansiel Stabilitet published "Statement regarding certain matters related to Andelskassen J.A.K. Slagelse under control". It was stated in that connection that liability will be claimed against the bank's former management. The writ is expected to be issued at the end of August.

In November 2015, the trial hearing in the proceedings against the former management and auditors of Roskilde Bank commenced. Judgment in this case is expected to be entered in November 2017.

In April 2016, the trial hearing in the proceedings against the former management of Amagerbanken commenced. The proceedings are expected to end in the spring of 2017.

In 2015, expenses related to litigation against the former managements of banks taken over amounted to about DKK 55 million. At 30 June 2016, the expenses amounted to approximately DKK 19 million. Expenses related to liability proceedings have hence run into approximately DKK 222 million at 30 June 2016.

## Significant risks

The principal risks affecting Finansiel Stabilitet relate to the winding up of activities that Finansiel Stabilitet has taken over under Bank Packages I-V and the risk of future losses as a result of the restructuring and resolution of failing banks etc. resulting in losses on covered deposits.

To reflect the financial distribution between Bank Package I-V activities, the Depositor and Investor Guarantee Scheme and the Resolution Fund, Finansiel Stabilitet's risks are divided into corresponding categories.

The significant risks in the various segments are described in detail in Finansiel Stabilitet's Annual Report 2015 to which reference is made for further information about risks and risk management.

## Events after the balance sheet date

No significant events have occurred after the end of the reporting period.

## Outlook for 2016

As regards the Resolution Fund and the new Guarantee Fund, the outlook for 2016 is unchanged from the guidance provided in the 2015 financial statements. The Resolution Fund is expected to report a profit corresponding to the contributions received of approximately DKK 700 million.

No further contributions are expected to be made to the new Guarantee Fund in 2016. With respect to the Bank Package I-V activities, the full-year 2016 performance is subject to significant uncertainty, principally related to the outcome of lawsuits and disputes.



# Financial statements

# Income and comprehensive income statement

(DKKm)	Note	Group		Parent	
		H1 2016	H1 2015	H1 2016	H1 2015
<b>Interest and fees</b>					
Interest income	4	29	226	9	71
Interest expense	5	14	33	9	20
<b>Net interest income</b>		<b>15</b>	<b>193</b>	<b>0</b>	<b>51</b>
Share dividends etc.		1	2	1	0
Contributions to the new Guarantee Fund		0	1,055	0	1,055
Contributions to the Resolution Fund		365	-	365	-
Fees and commissions received		4	7	3	3
Fees and commissions paid		1	3	1	3
<b>Net interest and fee income</b>		<b>384</b>	<b>1,254</b>	<b>368</b>	<b>1,106</b>
Market value adjustments	6	(35)	175	(13)	14
Value adjustment, loss-absorbing loans FIH		4	(260)	-	-
Other operating income		161	266	183	86
Staff costs and administrative expenses	7	82	139	51	110
Other operating expenses		28	124	11	54
Impairment losses on loans, advances and receivables, etc.	8	(174)	(184)	(136)	(89)
Profit/(loss) from investments in associates and subsidiaries		9	(20)	(33)	6
Purchase price and dowry adjustment		3	(18)	11	181
<b>Profit/(loss) for the period before tax</b>		<b>590</b>	<b>1,318</b>	<b>590</b>	<b>1,318</b>
Tax		0	0	0	0
<b>Profit/(loss) for the period</b>		<b>590</b>	<b>1,318</b>	<b>590</b>	<b>1,318</b>
<b>Comprehensive income statement</b>					
Profit/(loss) for the period		590	1,318	590	1,318
Other comprehensive income after tax		0	0	0	0
<b>Total comprehensive income</b>		<b>590</b>	<b>1,318</b>	<b>590</b>	<b>1,318</b>
<b>Distributed on:</b>					
Finansiel Stabilitet		243	196	243	196
Resolution Fund		365	0	365	0
New Guarantee Fund		(18)	1,122	(18)	1,122
<b>Total comprehensive income</b>		<b>590</b>	<b>1,318</b>	<b>590</b>	<b>1,318</b>

# Balance sheet

(DKKm)	Note	Group			Parent		
		30.06. 2016	31.12. 2015	30.06. 2015	30.06. 2016	31.12. 2015	30.06. 2015
<b>ASSETS</b>							
Cash in hand and demand deposits with central banks		15,689	14,688	12,325	15,689	14,687	12,325
Due from credit institutions and central banks		426	771	576	141	324	61
Loans, advances and other receivables at fair value		18	8	9	18	8	9
Loans, advances and other receivables at amortised cost		591	922	4,176	139	309	1,418
Bonds at fair value		242	247	866	237	240	606
Shares, etc.		379	1,035	1,009	190	580	591
Investments in associates		49	49	300	49	49	300
Investments in subsidiaries		0	0	0	596	677	2,810
Investment properties		98	252	503	44	44	49
Other property, plant and equipment		0	1	2	0	0	0
Assets held temporarily		0	0	127	0	0	0
Guarantees provided by banks, mortgage credit institutions and investment companies		4,215	4,215	4,215	4,215	4,215	4,215
Receivable re. loss guarantee from the Danish state relating to Roskilde Bank		2,550	2,550	2,550	2,550	2,550	2,550
Purchase price and dowry adjustment receivable		-	-	-	1,851	1,840	1,658
Other assets		431	532	537	342	338	146
Prepayments		0	3	0	0	3	0
<b>Total assets</b>		<b>24,688</b>	<b>25,273</b>	<b>27,195</b>	<b>26,061</b>	<b>25,864</b>	<b>26,738</b>

# Balance sheet

(DKKm)	Note	30.06. 2016	Group 31.12. 2015	30.06. 2015	30.06. 2016	Parent 31.12. 2015	30.06. 2015
<b>EQUITY AND LIABILITIES</b>							
<b>Liabilities</b>							
Due to credit institutions and central banks		0	1,341	1,443	0	0	0
Deposits and other payables		165	204	0	0	0	0
Loans through the state-funded re-lending scheme		800	801	3,379	800	801	3,379
Other liabilities		1,160	864	996	3,276	3,591	2,672
Deferred income		365	8	1,113	365	8	1,113
<b>Total liabilities</b>		<b>2,490</b>	<b>3,218</b>	<b>6,931</b>	<b>4,441</b>	<b>4,400</b>	<b>7,164</b>
<b>Provisions</b>							
Provision for losses on guarantees		208	299	359	108	128	138
Purchase price adjustment (earn-out)		249	252	235	-	-	-
Other provisions	9	554	907	928	325	739	694
<b>Total provisions</b>		<b>1,011</b>	<b>1,458</b>	<b>1,522</b>	<b>433</b>	<b>867</b>	<b>832</b>
<b>Total liabilities</b>		<b>3,501</b>	<b>4,676</b>	<b>8,453</b>	<b>4,874</b>	<b>5,267</b>	<b>7,996</b>
<b>Equity</b>							
Finansiel Stabilitet		7,244	7,001	6,539	7,244	7,001	6,539
New Guarantee Fund		13,227	13,245	12,203	13,227	13,245	12,203
Resolution Fund		716	351	0	716	351	0
<b>Total equity</b>		<b>21,187</b>	<b>20,597</b>	<b>18,742</b>	<b>21,187</b>	<b>20,597</b>	<b>18,742</b>
<b>Total equity and liabilities</b>		<b>24,688</b>	<b>25,273</b>	<b>27,195</b>	<b>26,061</b>	<b>25,864</b>	<b>26,738</b>

# Statement of changes in equity

Group (DKKm)	H1 2016					2015
	Finansiel Stabilitet		Guarantee Fund	Resolution Fund	Total equity	
	Subordinated assets	Retained earnings				
<b>Equity as at 1 January</b>	<b>1</b>	<b>7,000</b>	<b>13,245</b>	<b>351</b>	<b>20,597</b>	<b>10,717</b>
Addition at 1 January dissolution of the Guarantee Fund for Depositors and Investors	-	-	-	-	-	10,525
Comprehensive income for the period	-	243	(18)	365	590	1,318
<b>Transactions with owners</b>						
Purchase price and dowry adjustment	-	-	-	-	-	1,486
Dividend paid	-	-	-	-	-	(5,304)
<b>Equity as at 30 June</b>	<b>1</b>	<b>7,243</b>	<b>13,227</b>	<b>716</b>	<b>21,187</b>	<b>18,742</b>

Parent (DKKm)	H1 2016					2015
	Finansiel Stabilitet		Guarantee Fund	Resolution Fund	Total equity	
	Subordinated assets	Retained earnings				
<b>Equity as at 1 January</b>	<b>1</b>	<b>7,000</b>	<b>13,245</b>	<b>351</b>	<b>20,597</b>	<b>10,717</b>
Addition at 1 January dissolution of the Guarantee Fund for Depositors and Investors	-	-	-	-	-	10,525
Comprehensive income for the period	-	243	(18)	365	590	1,318
<b>Transactions with owners</b>						
Purchase price and dowry adjustment	-	-	-	-	-	1,486
Dividend paid	-	-	-	-	-	(5,304)
<b>Equity as at 30 June</b>	<b>1</b>	<b>7,243</b>	<b>13,227</b>	<b>716</b>	<b>21,187</b>	<b>18,742</b>

# Cash flow statement

(DKKm)	Group	
	H1 2016	H1 2015
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period after tax	590	1,318
Adjustment for non-cash operating items	(191)	(38)
Cash flows from operating capital	235	10,412
<b>Cash flows from operating activities</b>	<b>634</b>	<b>11,692</b>
<b>Cash flows from investing activities</b>		
Purchase/sale of property, plant and equipment	155	85
<b>Cash flows from investing activities</b>	<b>155</b>	<b>85</b>
<b>Cash flows from financing activities</b>		
Loans through the state-funded re-lending scheme	-	(2,203)
Dividend	-	(5,304)
<b>Cash flows from financing activities</b>	<b>-</b>	<b>(7,507)</b>
<b>Change in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	15,187	8,501
Change during the period	789	4,270
<b>Cash and cash equivalents at the end of the period</b>	<b>15,976</b>	<b>12,771</b>

# Notes

## 1. Accounting policies

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU in respect of the Group and in accordance with the Danish Financial Business Act in respect of the parent company. The accounting policies are consistent with those applied in the consolidated and parent company financial statements for 2015.

Finansiel Stabilitet has implemented the IFRS standards and interpretations taking effect for 2016. The implementation of these did not affect recognition or measurement in H1 2016.

### **Standards and interpretations not yet in force**

The International Accounting Standards Board (IASB) has issued a number of international financial reporting standards and the International Financial Reporting Interpretations Committee (IFRIC) has issued a number of interpretations that have not yet come into force. None of these are expected to materially affect the future financial reporting of Finansiel Stabilitet.

### **Accounting estimates and judgments**

The determination of the carrying amounts of certain assets and liabilities relies on judgments, estimates and assumptions about future events.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable.

Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group and the parent company are subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or as a result of new information or subsequent events.

The accounting estimates and the related uncertainty concern the same issues as those prevailing at the preparation of the consolidated and parent company financial statements for 2015.

# Notes

## 2. Segment information for the Group

<b>Activities</b> <b>1 January – 30 June 2016</b> <b>(DKKm)</b>	<b>Bank</b> <b>Packages</b> <b>I and II</b>	<b>Bank</b> <b>Packages</b> <b>III and IV</b>	<b>Bank</b> <b>Package</b> <b>V</b>	<b>Guarantee</b> <b>Fund</b>	<b>Reso-</b> <b>lution</b> <b>Fund</b>	<b>Elimina-</b> <b>tions</b>	<b>Total</b>
Net interest income	6	3	(3)	3	6		15
Contributions to the new Guarantee Fund and the Resolution Fund	-	-	-	0	365		365
Other net fee income and market value adjustments, etc.	(8)	(25)	5	(3)	0		(31)
Purchase price and dowry adjustment	(6)	(8)	-	17	-		3
Other operating income/expenses, net	158	29	0	(32)	8	(26)	137
Operating expenses	52	37	2	3	14	(26)	82
Impairment losses on loans, advances, guarantees etc.	(136)	(38)	0	0	0		(174)
Profit/(loss) from investments in subsidiaries and associates	9	0	0	0	0		9
<b>Profit/(loss) for the period before tax</b>	<b>243</b>	<b>0</b>	<b>0</b>	<b>(18)</b>	<b>365</b>	<b>0</b>	<b>590</b>
Tax	0	0	0	0	0		0
<b>Profit/(loss) for the period</b>	<b>243</b>	<b>0</b>	<b>0</b>	<b>(18)</b>	<b>365</b>	<b>0</b>	<b>590</b>
<b>Total assets at 30 June 2016</b>	<b>10,618</b>	<b>2,517</b>	<b>350</b>	<b>13,904</b>	<b>1,296</b>	<b>(3,997)</b>	<b>24,688</b>
<b>Total assets at 31 December 2015</b>	<b>10,769</b>	<b>2,888</b>	<b>1,396</b>	<b>13,901</b>	<b>601</b>	<b>(4,282)</b>	<b>25,273</b>
<b>Investments in associates</b> <b>at 30 June 2016</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>49</b>
<b>Total liabilities</b> <b>at 30 June 2016</b>	<b>3,374</b>	<b>2,517</b>	<b>350</b>	<b>677</b>	<b>580</b>	<b>(3,997)</b>	<b>3,501</b>
<b>Investments in associates</b> <b>at 31 December 2015</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>49</b>
<b>Total liabilities</b> <b>at 31 December 2015</b>	<b>3,768</b>	<b>2,888</b>	<b>1,396</b>	<b>656</b>	<b>250</b>	<b>(4,282)</b>	<b>4,676</b>



# Notes

## 2. Segment information for the Group (continued)

Activities 1 January – 30 June 2015 (DKKm)	Bank Packages I and II	Bank Packages III and IV	Bank Package V	Guarantee Fund	Reso- lution- Fund	Elimina- tions	Total
Net interest income	66	23	97	7	0		193
Contributions to the new Guarantee Fund and the Resolution Fund	-	-	-	1,055	0		1,055
Other net fee income and market value adjustments, etc.	97	139	(310)	(6)	0		(80)
Dowry and purchase price adjustment	105	(199)	-	76	-		(18)
Other operating income/expenses, net	(23)	(22)	221		6	(25)	143
Operating expenses	107	47	8	3	6	(32)	139
Impairment losses on loans, advances, guarantees etc.	(78)	(106)	0	7	-	(7)	(184)
Profit/(loss) from investments in subsidiaries and associates	(20)	0			-		(20)
<b>Profit/(loss) for the period before tax</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>1,122</b>	<b>0</b>	<b>0</b>	<b>1,318</b>
Tax	0	0	0	0	0		0
<b>Profit/(loss) for the period</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>1,122</b>	<b>0</b>	<b>0</b>	<b>1,318</b>
<b>Total assets at 30 June 2015</b>	<b>8,614</b>	<b>3,238</b>	<b>3,744</b>	<b>13,852</b>	<b>0</b>	<b>(2,253)</b>	<b>27,195</b>
<b>Investments in associates at 30 June 2015</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>300</b>
<b>Total liabilities at 30 June 2015</b>	<b>2,075</b>	<b>3,238</b>	<b>3,744</b>	<b>1,649</b>	<b>0</b>	<b>(2,253)</b>	<b>8,453</b>

# Notes

## 2. Segment information for the Group (continued)

### Segment information for the parent company

In connection with the conversion of Finansiell Stabilitet into an independent public company and the takeover of the Guarantee Fund for Depositors and Investors, the former segmentation was changed to the effect that there are now three principal segments: Bank Package activities, the Guarantee Fund under the Depositor and Investor Guarantee Scheme and the Resolution Fund under the Resolution Department.

### Bank Package activities

This principal segment comprises the former entity Finansiell Stabilitet A/S and consists of the sub-segments: Bank Packages I and II, Bank Packages III and IV and Bank Package V.

### Bank Packages I and II

This segment now consists of the activities under the original Bank Package I and the activities under Bank Package II. These two areas of activity were combined as from 2015 in connection with Finansiell Stabilitet's assumption of the risk associated with individual government guarantees according to agreement with the Danish state.

### Bank Packages III and IV

As previously, this segment comprises the activities related to banks taken over under the exit and consolidation packages, i.e. FS Finans I (Sparebank Østjylland af 2012), FS Finans II (Max Bank af 2011), FS Finans III (Amagerbanken af 2011) and FS Finans IV (Fjordbank Mors af 2011).

### Bank Package V

As previously, this segment comprises the winding-up activities relating to FS Property Finance.

### The Guarantee Fund under the Depositor and Investor Guarantee Scheme

This principal segment comprises Finansiell Stabilitet's activities relating to the new Guarantee Fund, which can be divided into four sub-departments: The Banking, Mortgage Credit, Investment Company and Resolution/Restructuring departments.

### The Resolution Fund under the Resolution Department

This principal segment comprises Finansiell Stabilitet's activities relating to the Resolution Fund.

# Notes

## 3. Financial information for the parent company

Activities 1 January – 30 June (DKKm)	Bank Package activities		Guarantee Fund		Resolution Fund		Eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Interest income	6	64	3	7	0	0			9	71
Interest expense	9	20	0	0		0			9	20
<b>Net interest income</b>	<b>(3)</b>	<b>44</b>	<b>3</b>	<b>7</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>51</b>
Share dividends etc.	1	0	0	0	0	0			1	0
Contributions to the new Guarantee Fund and the Resolution Fund	-	-	0	1,055	365	0			365	1,055
Fees and commissions received	3	3	0	0	0	0			3	3
Fees and commissions paid	1	3	0	0	0	0			1	3
<b>Net interest and fee income</b>	<b>0</b>	<b>44</b>	<b>3</b>	<b>1,062</b>	<b>365</b>	<b>0</b>			<b>368</b>	<b>1,106</b>
Market value adjustments	(10)	20	(3)	(6)	0	0			(13)	14
Other operating income	218	93	22	0	8	6	(65)	(13)	183	86
Staff costs and administrative expenses	51	107	3	3	8	6	(11)	(6)	51	110
Other operating expenses	11	54	54	0	0	0	(54)	0	11	54
Impairment losses on loans, advances and receivables, etc.	(136)	(89)	0	7	0	0	0	(7)	(136)	(89)
Profit/(loss) from investments in associates and subsidiaries	(33)	6	0	0	0	0			(33)	6
Purchase price and dowry adjustment	(6)	105	17	76	-	-			11	181
<b>Profit/(loss) for the period before tax</b>	<b>243</b>	<b>196</b>	<b>(18)</b>	<b>1,122</b>	<b>365</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>590</b>	<b>1,318</b>
<b>Total assets at 30 June</b>	<b>11,715</b>	<b>13,480</b>	<b>13,904</b>	<b>13,852</b>	<b>1,108</b>	<b>6</b>	<b>(666)</b>	<b>(600)</b>	<b>26,061</b>	<b>26,738</b>
<b>Total assets at 31 December</b>		<b>12,184</b>		<b>13,901</b>		<b>370</b>		<b>(591)</b>		<b>25,864</b>

# Notes

(DKKm)	Group		Parent	
	H1 2016	H1 2015	H1 2016	H1 2015
<b>4. Interest income</b>				
Due from credit institutions and central banks	2	3	0	0
Loans, advances and other receivables at amortised cost	22	150	4	41
Bonds	3	25	3	13
Total derivative financial instruments	0	24	0	0
Interest rate contracts	0	24	0	0
Other interest income	2	24	2	17
<b>Total</b>	<b>29</b>	<b>226</b>	<b>9</b>	<b>71</b>
<b>5. Interest expense</b>				
Credit institutions and central banks	5	12	0	0
Loans through the state-funded re-lending scheme	9	20	9	20
Other interest expense	0	1	0	0
<b>Total</b>	<b>14</b>	<b>33</b>	<b>9</b>	<b>20</b>
<b>6. Market value adjustments</b>				
Bonds	(4)	(5)	(3)	(5)
Shares, etc.	(24)	197	0	49
Investment properties	(2)	31	0	0
Currency	(1)	20	(1)	9
Foreign exchange, interest rate, share, commodity and other contracts and derivative financial instruments	4	(31)	(1)	(5)
Other assets and liabilities	(8)	(37)	(8)	(34)
<b>Total</b>	<b>(35)</b>	<b>175</b>	<b>(13)</b>	<b>14</b>

# Notes

(DKKm)	Group		Parent	
	H1 2016	H1 2015	H1 2016	H1 2015
<b>7. Staff costs and administrative expenses</b>				
Salaries and remuneration to Board of Directors and Management Board:				
Management Board	1	1	1	1
Board of Directors	1	1	1	1
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Staff costs				
Salaries	16	20	12	19
Provisions for salaries during release period	0	9	0	9
Pensions	3	3	3	3
<b>Total</b>	<b>19</b>	<b>32</b>	<b>15</b>	<b>31</b>
Other administrative expenses	61	105	34	77
<b>Total</b>	<b>82</b>	<b>139</b>	<b>51</b>	<b>110</b>

(DKKm)	Impairm. 1 Jan.	Move- ment in impairm.	Impairm. 30 June	Impact on operations
<b>8. Impairment losses on loans, advances and receivables, etc.</b>				
Loans and advances at amortised cost	6,962	(1,056)	5,906	
Guarantees	299	(91)	208	
<b>Impairment for H1 2016</b>	<b>7,261</b>	<b>(1,147)</b>	<b>6,114</b>	<b>(174)</b>
Impairment for H1 2015	14,370	(6,249)	8,121	(184)

(DKKm)	Group		Parent	
	H1 2016	H1 2015	H1 2016	H1 2015
<b>9. Other provisions</b>				
Litigation	415	803	298	674
Other provisions	139	125	27	20
<b>Total</b>	<b>554</b>	<b>928</b>	<b>325</b>	<b>694</b>

# Notes

(DKKm)

## 10. Contingent assets and liabilities

### Tax

As a result of Finansiel Stabilitet having been converted from a state-owned public limited company into an independent public company, as from 2015, the Group is no longer jointly taxed. The Group has a tax asset of DKK 0.4 million. Due to the uncertainty as to whether this can be utilised, the tax asset has not been recognised in the balance sheet.

### FIH

In March 2012, Finansiel Stabilitet concluded an agreement with FIH for the takeover of a significant portfolio of property exposures with a view to winding up. In connection with the preliminary approval of the transaction, the European Commission announced in December 2013 that it found the transaction to be compatible with its rules on state aid, provided that certain elements of

the transaction structure were modified, including that FIH paid DKK 310 million to Finansiel Stabilitet. FIH has deposited a total amount, including interest, of DKK 338 million with Finansiel Stabilitet. In the spring of 2014, FIH decided to appeal the European Commission's ruling. Due to the uncertainty as to the final outcome, the amount of DKK 338 million is treated as a contingent asset.

### Other contingent liabilities

The Group is party to legal disputes in relation to ordinary operations. Within the past 12 months, a considerable number of complaints have been brought before the Danish Financial Institutions' Complaints Board by customers of banks taken over by Finansiel Stabilitet.

## 11. Related parties

Related parties comprise the Danish state, including companies/institutions over which the Danish state exercises control.

As a general rule, transactions with related parties are entered into and settled on market terms or on a cost-recovery basis. The settlement prices for individual types of transaction are set out by law.

# Statement by Management

The Board of Directors and the Management Board have today considered and adopted the interim report of Finansielt Stabilitet for the six months ended 30 June 2016.

The interim report is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU in respect of the Group and the Danish Financial Business Act in respect of the parent company and in accordance with additional Danish disclosure requirements for interim reports of financial enterprises.

The interim report has been neither audited nor reviewed.

In our opinion, the interim financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2016 and of the results of the Group's and the parent company's operations and the Group's cash flows for the six months ended 30 June 2016.

Moreover, in our opinion, the management's review includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, the results for the period and of the financial position of the Group as a whole, together with a description of the principal risks and uncertainties that the Group and the parent company face.

Copenhagen, 26 August 2016

## Management Board

Henrik Bjerre-Nielsen  
CEO

## Board of Directors:

Peter Engberg Jensen  
Chairman

Bent Naur  
Deputy Chairman

Nina Dietz Legind

Bente Overgaard

Bendt Wedell

Anne Louise Eberhard

Ulrik Rammeskov Bang-Pedersen

# Company details

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(CVR) no.: 30 51 51 45

Established: 13 October 2008

Municipality  
of registered  
office: Copenhagen

## Board of Directors

Peter Engberg Jensen (Chairman)

Bent Naur (Deputy Chairman)

Nina Dietz Legind

Bente Overgaard

Bendt Wedell

Anne Louise Eberhard

Ulrik Rammeskow Bang-Pedersen

## Management Board

Henrik Bjerre-Nielsen

## Auditors

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Deloitte

Statsautoriseret Revisionspartnerselskab

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